

WILLKIE FARR & GALLAGHER

PUBLIC VERSION

November 13, 2001

Andrew Stephens
Director of Steel Trade Policy
Office of the U.S. Trade Representative
600 17th Street, N.W.
Washington, DC 20508

Re: Request for Exclusion: SAE 1095 Cold-Rolled Steel and Strip (Product #4)

Dear Mr. Stephens:

On behalf of Cold Metal Products, Inc., a domestic producer of steel products subject to the Steel 201 investigation, we respectfully request that the President exclude certain specialty cold-rolled steel – defined as SAE 1095 cold-rolled steel and strip – from any remedy that may result from this investigation. In accordance with the *Federal Register* notice, issued by the Office of the United States Trade Representative (“USTR”), we hereby submit relevant information in support of this request.¹

1. Information Requested by the Trade Policy Staff Committee

(a) Product Designation/HTS:

SAE 1095 Cold-Rolled Steel Sheet and Strip
7209.17.90, 7209.18

(b) Product Description:

Cold-rolled steel sheet and strip; specification SAE 1095; surface finish: Brite No. 2; Rockwell hardness: RC 21- RC 30; decarburization: 0.0005” maximum; thickness tolerance:

¹ See *Trade Policy Staff Committee; Public Comments on Potential Action Under Section 203 of the Trade Act of 1974 With Regard to Imports of Certain Steel*, 66 Fed. Reg. 54321 (Oct. 26, 2001).

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<u>Thickness</u>	<u>Gauge Tolerance</u>
0.0235"	+/- 0.0005"
0.017"	+/- 0.0005"
0.035"	+/- 0.001"

(c) Basis for Exclusion:

Cold Metal Products Inc. ("CMP") is a U.S. producer of cold-rolled steel products. The vast majority of CMP's feedstock is purchased from other U.S. mills. However, CMP imports SAE 1095 cold-rolled steel sheet and strip – a specialized cold-rolled steel product – because no U.S. producer is able to manufacture to this specification. CMP's customers rely on a consistent supply of SAE 1095 cold-rolled steel to produce cutlery, such as knives, blades, and saw blades. No other steel product can be substituted for SAE 1095.

CMP buys SAE 1095 cold-rolled steel for further processing. CMP slits the coils to narrow widths. Strips are welded end-to-end to create thousands of linear feet of material. CMP then oscillates the coil – winding the strip into a thread-like spool. The oscillated coil increases CMP's customers' efficiency and productivity because coils, which contain more material by length than standard coils, must be replaced less frequently.

The distinguishing characteristic of SAE 1095 cold-rolled steel is the high carbon content of 0.09-1.03 percent. Grade SAE 1095 is very difficult to cold-roll, becoming brittle during rolling. One domestic producer – WCI – can produce SAE 1095 hot-rolled steel, but cannot cold-roll it without deteriorating the material. Other important characteristics are the maximum decarburization and Brite finish. Decarburization refers to the level of carbon depletion during steelmaking. CMP's customers require such depletion to be kept to a maximum of 0.0005" on the surface of the steel. Decarburization exceeding this limitation adversely affects the utility of the final product, as well as the hardness of the steel. With respect to the surface finish, customers require Brite No. 2 for aesthetic reasons because many of the final products are for consumer use.

To confirm that this cold-rolled steel product is not available in the United States, CMP has requested quotations to supply SAE 1095 from domestic mills. Attachment B provides the requests for quotations and any responses received. In particular, CMP contacted [

] several times and received no response, indicating their lack of interest in supplying this specialty cold-rolled steel product.

Because SAE 1095 cold-rolled sheet and strip is not available in the United States, imports of this specialty product should be excluded from any 201 remedy. CMP's operations will be adversely affected by any import restraints because CMP depends on foreign suppliers for this product. Without consistent and reliable access to imports, CMP could not meet the

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needs of several important customers in the United States. The domestic industry, which does not produce this specialty product would not benefit from including this product in any potential remedy. Therefore, the USTR should exclude SAE 1095 cold-rolled sheet and strip.

(d) Names and Location of U.S. and Foreign Producers:

Japan: Nisshin Steel
France: USINOR
United States: None

(e) U.S. Consumption: See Attachment A

(f) U.S. Production: None (see Attachment A)

(g) Substitutable Products: None

2. Conclusion

As demonstrated in the submission, the U.S. steel industry does not produce SAE 1095 cold-rolled sheet and strip. This is a highly specialized product on which U.S. purchasers rely. The U.S. industry has expressed no interest in supplying this product. Therefore, the USTR should conclude that no 201 remedy is required. Therefore, the USTR should recommend excluding this product from any remedy.

Respectfully submitted,

Matthew R. Nicely
Julia K. Eppard
Counsel to Cold Metal Products

ATTACHMENT A: ESTIMATED U.S. CONSUMPTION AND U.S. PRODUCTION

	<i>Actual</i>					<i>Projections</i>				
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Imports (quantity in short tons)	[0	0	0	0	0	1500	1350	1700	1700	1440]
Imports (value in \$ landed-duty paid)	[0	0	0	0	0	1,060,000	1,500,000	1,500,000	1,300,000	1,300,000]
U.S. Shipments (quantity in short tons)	[0	0	0	0	0	0	0	0	0	0]
U.S. Shipments (value in \$ landed-duty paid)	[0	0	0	0	0	0	0	0	0	0]
Total U.S. Consumption (quantity = imports + U.S. shipments)	[0	0	0	0	0	1500	1350	1700	1700	1440]
Total U.S. Consumption (value = imports + U.S. shipments)	[0	0	0	0	0	1,060,000	1,500,000	1,500,000	1,300,000	1,300,000]

NOT CAPABLE OF SUMMARY